



## NVR, INC. Announces Second Quarter Results

07/20/07

RESTON, Va., July 20, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- NVR, Inc. (Amex: NVR), one of the nation's largest homebuilding and mortgage banking companies, announced that diluted earnings per share for its second quarter ended June 30, 2007 decreased 50% and net income decreased 52% when compared to the 2006 second quarter. Net income for the 2007 second quarter was \$90,747,000, \$14.14 per diluted share, compared to net income of \$190,352,000, \$28.08 per diluted share, for the same period of 2006. Consolidated revenues for the second quarter of 2007 totaled \$1,316,668,000, a 25% decrease from \$1,748,928,000 for the comparable 2006 quarter.

### Homebuilding

New orders in the second quarter of 2007 decreased 11% to 3,745 units, when compared to 4,204 units in the second quarter of 2006. New order units and gross profit margins continue to be negatively impacted by high levels of new and existing home inventories, affordability issues and declining home buyer confidence. The cancellation rate in the quarter ended June 30, 2007 was 16% compared to 13% in the second quarter of 2006 and 16% in the first quarter of 2007. The Washington, D.C. cancellation rate in the quarter was 21% compared to 21% in the second quarter of 2006 and 22% in the first quarter of 2007.

Settlements decreased in the second quarter of 2007 to 3,463 units, 19% less than the same period of 2006. Homebuilding revenues for the three months ended June 30, 2007 totaled \$1,297,140,000, 25% lower than the year earlier period. Income before tax from the homebuilding segment totaled \$135,958,000 in the 2007 second quarter, a decrease of 54% when compared to the second quarter of the previous year. Gross profit margins decreased to 18.1% in the 2007 second quarter compared to 24.3% for the same period in 2006. The decline in gross profit margins was due to continued pricing pressure in many of our markets and land deposit impairments of approximately \$55,000,000. These impairments lowered gross margins by 424 basis points and reduced diluted earnings per share by approximately \$5.20 for the 2007 quarter. The Company's backlog of homes sold but not settled at the end of the 2007 quarter decreased on a unit basis by 11% to 7,887 units and 19% on a dollar basis to \$3,085,939,000 when compared to the same period last year.

For the six months ended June 30, 2007, consolidated revenues were \$2,409,857,000, 18% lower than the \$2,953,583,000 reported for the same period of 2006. Net income for the six months ended June 30, 2007 was \$175,568,000, a decrease of 46% when compared to the six months ended June 30, 2006. Earnings per diluted share for the six months ended June 30, 2007 was \$27.11, a decrease of 43% from \$47.54 per diluted share for the comparable period of 2006.

### Mortgage Banking

Mortgage closed loan production of \$849,430,000 for the three months ended June 30, 2007 was 24% lower than the same period last year. Sub-prime loans accounted for approximately 6% of our captured mortgage closed loan volume in the current quarter compared to 5% for the second quarter of 2006. Operating income for the mortgage banking operations during the second quarter of 2007 decreased 33% to \$11,719,000, when compared to \$17,486,000 reported for the same period of 2006.

Some of the statements in this release made by the Company constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934. Certain, but not necessarily all, of such forward-looking statements can be identified by the use of forward-looking terminology, such as "believes," "expects," "may," "will," "should" or "anticipates" or the negative thereof or other variations thereof or comparable terminology, or by discussion of strategies, each of which involves risks and uncertainties. All statements other than those of historical facts included herein, including those regarding market trends, NVR's financial position, business strategy, projected plans and objectives of management for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results or performance of NVR to be materially different from future results, performance or achievements expressed or implied by the forward-looking statements. Such risk factors include, but are not limited to, general economic and business conditions (on both a national and regional level), interest rate changes, access to suitable financing, competition, the availability and cost of land and other raw materials used by NVR in its homebuilding operations, shortages of labor, weather related slow downs, building moratoria, governmental regulation, the ability of NVR to integrate any acquired business, fluctuation and volatility of stock and other financial markets and other factors over which NVR has little or no control. The Company has no obligation to update such forward-looking statements.

NVR, Inc.  
Consolidated Statements of Income  
(in thousands, except per share data)  
(Unaudited)

Three Months Ended		Six Months Ended	
June 30,		June 30,	
2007	2006	2007	2006

Homebuilding:				
Revenues	\$1,297,140	\$1,722,797	\$2,372,250	\$2,906,539
Other income	5,251	2,634	12,216	5,010
Cost of sales	(1,061,937)	(1,304,183)	(1,915,347)	(2,165,222)
Selling, general and administrative	(101,198)	(119,551)	(198,604)	(233,557)
Operating income	139,256	301,697	270,515	512,770
Interest expense	(3,298)	(6,105)	(6,620)	(11,632)
Homebuilding income	135,958	295,592	263,895	501,138
Mortgage Banking:				
Mortgage banking fees	19,528	26,131	37,607	47,044
Interest income	1,030	1,791	2,337	3,250
Other income	276	383	460	614
General and administrative	(8,954)	(9,852)	(18,277)	(19,020)
Interest expense	(161)	(967)	(313)	(1,921)
Mortgage banking income	11,719	17,486	21,814	29,967
Income before taxes	147,677	313,078	285,709	531,105
Income tax expense	(56,930)	(122,726)	(110,141)	(208,193)
Net income	\$90,747	\$190,352	\$175,568	\$322,912
Basic earnings per share	\$16.19	\$33.27	\$31.16	\$57.06
Diluted earnings per share	\$14.14	\$28.08	\$27.11	\$47.54
Basic average shares outstanding	5,606	5,722	5,634	5,659
Diluted average shares outstanding	6,420	6,779	6,477	6,792

NVR, Inc.  
Consolidated Balance Sheets  
(in thousands, except share and per share data)

	June 30, 2007 (unaudited)	December 31, 2006
ASSETS		
Homebuilding:		
Cash and cash equivalents	\$571,522	\$551,738
Receivables	13,474	12,213
Inventory:		
Lots and housing units, covered under sales agreements with customers	830,964	667,100
Unsold lots and housing units	46,839	58,248
Manufacturing materials and other	8,759	8,268
	886,562	733,616
Contract land deposits	327,015	402,170
Assets not owned, consolidated per FIN 46R	199,246	276,419
Property, plant and equipment, net	35,798	40,430
Reorganization value in excess of amounts allocable to		

identifiable assets, net	41,580	41,580
Goodwill and other indefinite and definite life intangibles, net	11,849	11,936
Other assets	240,305	207,468
	2,327,351	2,277,570
Mortgage Banking:		
Cash and cash equivalents	2,560	4,381
Mortgage loans held for sale, net	158,882	178,444
Property and equipment, net	987	1,168
Reorganization value in excess of amounts allocable to identifiable assets, net	7,347	7,347
Other assets	6,154	4,898
	175,930	196,238
Total assets	\$2,503,281	\$2,473,808

NVR, Inc.  
Consolidated Balance Sheets (Continued)  
(in thousands, except share and per share data)

June 30, 2007      December 31,  
(unaudited)      2006

LIABILITIES AND SHAREHOLDERS' EQUITY

Homebuilding:		
Accounts payable	\$272,688	\$273,936
Accrued expenses and other liabilities	230,858	265,223
Liabilities related to assets not owned, consolidated per FIN 46R	172,054	244,805
Customer deposits	195,165	165,354
Other term debt	2,954	3,080
Senior notes	200,000	200,000
	1,073,719	1,152,398
Mortgage Banking:		
Accounts payable and other liabilities	13,818	15,784
Notes payable	136,124	153,552
	149,942	169,336
Total liabilities	1,223,661	1,321,734
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$0.01 par value; 60,000,000 shares authorized; 20,592,640 shares issued for both June 30, 2007 and December 31, 2006	206	206
Additional paid-in capital	676,003	585,438
Deferred compensation trust - 516,004 and 547,911 shares of NVR, Inc. common stock for June 30, 2007 and December 31, 2006, respectively	(75,599)	(80,491)
Deferred compensation liability	75,599	80,491
Retained earnings	3,371,608	3,196,040
Less treasury stock at cost - 14,984,212 and 15,075,113 shares for June 30, 2007 and December 31, 2006, respectively	(2,768,197)	(2,629,610)
Total shareholders' equity	1,279,620	1,152,074

Total liabilities and shareholders' equity	\$2,503,281	\$2,473,808
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NVR, Inc.  
Operating Activity  
(unaudited)  
(dollars in thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Homebuilding data:				
New orders (units)				
Mid Atlantic (1)	1,803	1,978	3,724	3,612
North East (2)	345	404	762	855
Mid East (3)	923	1,079	1,953	2,007
South East (4)	674	743	1,223	1,363
Total	3,745	4,204	7,662	7,837
Average new order price	\$363.9	\$384.7	\$368.2	\$386.0
Settlements (units)				
Mid Atlantic (1)	1,720	2,145	3,072	3,720
North East (2)	324	454	573	756
Mid East (3)	839	1,028	1,411	1,640
South East (4)	580	670	1,107	1,167
Total	3,463	4,297	6,163	7,283
Average settlement price	\$374.2	\$400.3	\$384.4	\$398.5
Backlog (units)				
Mid Atlantic (1)			4,317	4,866
North East (2)			729	883
Mid East (3)			1,816	1,968
South East (4)			1,025	1,147
Total			7,887	8,864
Average backlog price			\$391.3	\$428.5
Community count (average)	516	618	522	598
Lots controlled at end of period			85,400	104,000
Mortgage banking data:				
Loan closings	\$849,430	\$1,123,461	\$1,564,469	\$1,860,243
Capture rate	86%	87%	86%	86%
Common stock information:				
Shares outstanding at end of period			5,608,428	5,750,939
Weighted average basic shares outstanding	5,606,000	5,722,000	5,634,000	5,659,000
Weighted average diluted shares outstanding	6,420,000	6,779,000	6,477,000	6,792,000
Number of shares repurchased	179,700	-	305,700	161,856
Aggregate cost of shares repurchased	\$123,263	-	\$209,613	\$120,817

(1) Virginia, West Virginia, Maryland, and Delaware

(2) New Jersey and eastern Pennsylvania

(3) Kentucky, Michigan, New York, Ohio and western Pennsylvania

(4) North Carolina, South Carolina and Tennessee

SOURCE NVR, Inc.

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